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CIVILIAN SUBSTITUTION (A REPORT ON SUBSTITUTION OF CIVILIANS FOR MILITARY PERSONNEL IN THE ARMED FORCES)

Central All-Volunteer Force Task Force
Washington, D. C.

October 1972

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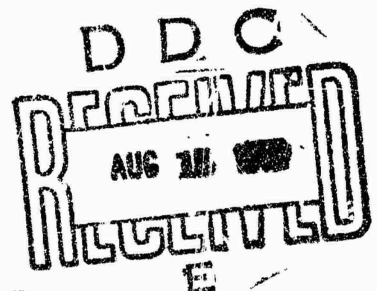
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A REPORT ON
SUBSTITUTION OF
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IN THE
ARMED FORCES

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PREPARED BY:
**CENTRAL ALL-VOLUNTEER FORCE
TASK FORCE**

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
(MANPOWER & RESERVE AFFAIRS)

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13. ABSTRACT The purpose of this study was to determine for each Service the positions for which civilian personnel, direct hire and contract, may be substituted for male military personnel in the last half of FY 1973 and in FY 1974. The study is subdivided into three main sub-tasks. The first estimated the theoretical maximum civilianization potential among enlisted support positions in the Continental United States. The second sub-task examined the comparative total annual costs to the government of civilians and military in the various occupational fields and pay grades identified as potentially susceptible to civilianization. The third examined for feasibility, desirability, and cost savings specific contingency plans for civilianizing 5,000 and 10,000 male enlisted billets in the Marine Corps and 10,000 and 20,000 billets in each of the other Services.			

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CENTRAL AVF TASK FORCE REPORT

TASK #3

CIVILIAN SUBSTITUTION

(A Report of Substitution of Civilians for
Military Personnel in the Armed Forces)

INTRODUCTION

Purpose

This study was performed by the Central All-Volunteer Force Task Force in response to Task Order #3, "Civilian Substitution." The Task Force was directed to study for each Service the positions for which civilian personnel, direct hire or contract, may be substituted for male military personnel in the last half of FY 1973 and in FY 1974.

Scope

Three main sub-tasks were performed:

-- Sub-Task #1. The theoretical maximum civilianization potential among enlisted support positions in the Continental United States was estimated.

-- Sub-Task #2. Comparative total annual costs to the government of civilians and military personnel in the various occupational fields and pay grades identified as potentially susceptible to civilianization were examined.

-- Sub-Task #3. Specific contingency plans for civilianizing 5,000 and 10,000 male enlisted billets in the Marine Corps and 10,000 and 20,000 billets in each of the other Services were examined for feasibility, desirability, and cost savings.

Methodology

The Services were asked to submit data and plans relating to each sub-task. The Central AVF Task Force reviewed the inputs to determine their accuracy, consistency, and feasibility, asking the Services to improve and modify their initial inputs as necessary. Finally, the Task Force analyzed the data and plans and developed action recommendations for consideration by the Assistant Secretary of Defense (Manpower and Reserve Affairs).

Recommendations

Briefly, the Central All-Volunteer Force Task Force recommends that:

-- The maximum potential for civilian substitution of 102,862 determined by the Services not be considered as the theoretical maximum since Service estimates, especially the Air Force estimate, appear low.

-- The high (civilianize 70,000 military spaces in six quarters) and low (civilianize 35,000 military spaces in six quarters) plans be considered feasible contingency plans which can be executed to help achieve All-Volunteer Force objectives if necessary.

-- The Assistant Secretary of Defense (Manpower and Reserve Affairs) recommend to the Secretary of Defense that the low (35,000) plan be executed by not later than end-FY 1974 because of cost savings and other considerations.

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CENTRAL AVF TASK FORCE REPORT

TASK #3

CIVILIAN SUBSTITUTION

(A Report of Substitution of Civilians for
Military Personnel in the Armed Forces)

Purpose

This study was performed by the Central All-Volunteer Force Task Force in response to Task Order #3, "Civilian Substitution." The Task Force was directed to study for each Service the positions for which civilian personnel, direct hire or contract, may be substituted for male military personnel in the last half of FY 73 and in FY 74. The study is one of several conducted by the Task Force to evaluate alternative means for maintaining required military force levels in a zero-draft environment. Additional information on the purpose of the study is contained in Task Order #3 attached at Tab A.

The House of Representatives Report 92-1389, on the Department of Defense Appropriations Bill, 1973 gives an added purpose for the study. The Committee on Appropriations states that:

"The Committee has addressed the problem of civilianization in its hearings and in meetings with DOD officials and concluded that some additional flexibility should be provided. Under the current procedures, as established by the Committee, all transfers of funds from one appropriation to another require the prior approval of the Committee. This year the Committee has added a provision to section 735 of the bill (transfer authority) which would make available \$25,000,000 of the \$650,000,000 provided for use only in the substitution of civilian personnel for military personnel.

"The Committee wants and expects to see military personnel out from behind desks and back in aircraft, ships and troop units. The Committee hopes to encourage the Department of Defense, at all levels, to move in this direction by setting aside \$25,000,000 of the transfer authority exclusively for this purpose. It should be noted that the amount set aside does not constitute a limitation and such additional amounts of the transfer authority as may be needed may be used for this purpose. As further evidence of the Committee's desire to encourage this program, the current requirement to treat transfers under this section of prior approval reprogramming actions is waived with respect to transfers from the military personnel appropriations to appropriations available for pay of civilians in connection with this program."

Scope

Three main sub-tasks were accomplished by the Task Force:

-- Sub-Task #1. The theoretical maximum civilianization potential among enlisted positions in the Continental United States was estimated.

-- Sub-Task #2. Comparative total annual costs to the government of civilians and military personnel in the various occupational fields and pay grades identified as potentially susceptible to civilianization were examined.

-- Sub-Task #3. Specific contingency plans for civilianizing 5,000 and 10,000 male enlisted billets in the Marine Corps and 10,000 and 20,000 billets in each of the other Services were examined for feasibility, desirability, and cost savings.

The Study Plan followed, attached at Tab B, contains a detailed description of each sub-task.

This final report, described as Sub-Task #4 in the study plan, concentrates on describing and analyzing contingency plans for civilianizing 35,000 and 70,000 military positions over six quarters.

Frequent reference is made to the Interim Report on Civilian Substitution which covers Sub-Task #1 (Theoretical Maximum Civilianization Potential) and Sub-Task #2 (Costing) in depth.

Methodology

The Services were asked to submit data and plans relating to each sub-task. The Central AVF Task Force reviewed the inputs to determine their accuracy, consistency, and feasibility, asking the Services to improve and modify their initial inputs as necessary.

The Task Force then analyzed the data and plans to develop action recommendations. The results of these analyses are set forth in the sections which follow or in the Interim Report attached at Tab C. Action recommendations are stated in the final section of this report.

Results

Sub-Task #1 -- Theoretical Maximum Civilianization Potential

The Services report that 102,862 enlisted support positions in CONUS can be considered for conversion to civilian positions in FY 1974. Pages C-5 through C-7 of Tab C describe the steps for determining the theoretical maximum civilianization potential. Basically it is the number of military support positions in CONUS remaining after rotation needs are fully met and support positions requiring military incumbents are subtracted. By Service, the maximum numbers of military positions which can be civilianized are shown in Table I.

TABLE I

POTENTIAL CIVILIANIZATION OF FY 74 SUPPORT

STRUCTURE SPACES BY SERVICE

Army	36,552
Navy	25,301
Air Force	27,640
Marine Corps	<u>13,369</u>
Total	102,862

Table II shows the potentially civilianizable positions as a percent of total structure spaces and as a percent of CONUS support spaces by Service.

TABLE II

POTENTIAL CIVILIANIZATION AS A PERCENT OF:

	<u>Structure Spaces</u>	<u>CONUS Spaces</u>
Army	6.1%	35%
Navy	6.2%	17%
Air Force	5.4%	21%
Marine Corps	9.3%	66%

The occupational distribution of the positions identified as potentially civilianizable by the Services is shown in Table III.

TABLE III`

CIVILIAN POTENTIAL BY DOD OCCUPATIONAL GROUP

<u>DOD Occupational Group</u>		<u>Army</u>	<u>Navy</u>	<u>Air Force</u>	<u>Marine Corps</u>
0	Infantry, Gun Crews & Seamanship Specialties	0.5%	0%	0%	1.7%
1	Electronic Equipment Repairman	5.0%	7.3%	2.3%	5.2%
2	Communications & Intelligence Specialties	0.6%	2.2%	0%	3.1%
3	Medical & Dental Specialists	33.0%	4.0%	31.0%	0%
4	Other Technical & Allied Specialists	6.4%	5.0%	7.3%	2.1%
5	Administrative Specialists & Clerks	31.3%	28.0%	54.5%	44.0%
6	Electrical/Mechanical Equipment Repairmen	6.0%	27.0%	1.0%	9.2%
7	Craftsmen	0.2%	0.5%	0.5%	4.5%
8	Service & Supply Handlers	17.0%	0%	3.4%	26.0%
-	Other ^{1/}	<u>0%</u>	<u>26.0%</u>	<u>0%</u>	<u>4.2%</u>
TOTAL		100.0%	100.0%	100.0%	100.0%

^{1/} Navy and Marine Corps E-2 and E-3 positions are undesignated as to occupational specialty.

Pages 7 through 13 of Tab C explain why the calculation of maximum civilian substitution potential is sensitive to assumptions, policies, and procedures used in:

- Identifying operational vs. support spaces in CONUS.
- Determining the magnitude of the rotation base.
- Determining whether rotation needs could be satisfied by assignments to CONUS operating forces or CONUS support forces.
- Designating support positions as requiring military incumbency because of the nature of the job.

On the whole, the Services followed instructions provided by the Central AVF Task Force and exercised reasonable judgment in applying the guidelines. The Task Force concludes that Army, Navy, and Marine Corps calculations of civilianization potential are reasonable. A more detailed audit of the Army submission could result in several thousand more positions available for civilian substitution, but the change will not alter the Army total significantly. The Task Force also concludes that, compared to the other Services, the Air Force submission greatly underestimates civilianization potential. Key reasons for this underestimation are:

- The method used by the Air Force in determining the size of its CONUS support base.
- Air Force used a more liberal rotation policy than applied by other Services.
- The method used by the Air Force in designating positions as "military only" excessively depletes the number of jobs available for civilian substitution.

The Task Force instructions to the Services did not request them to estimate the reduction in military billets that would accompany a military-civilian substitution program. However, there would be a reduction in military spaces devoted to Trainees, Transients, Patients and Prisoners and to military billets devoted to training and supporting military personnel and their dependents. There would be some offset to this savings to provide administrative support to newly employed civilians. While the figures will vary among the Services, previous studies indicate that the net manpower savings will be over 15%.

In submitting data on the theoretical maximum potential for civilianization, the Services pointed out that any program of this nature would have certain managerial implications which must be considered before a decision to take action is made. These managerial implications are discussed in pages 16 through 19 of Tab C.

Sub-Task #2 -- Costing.

Originally the study plan called for requesting the Services to make calculations of comparative costs for civilians and military personnel based on their own experience and analyses.

However, a report conveniently became available from a Cost Panel convened by Mr. Robert Moot, Assistant Secretary of Defense (Comptroller), with representation from each Service. The Cost Panel updated a 1966 report entitled "The Economic Impact of Civilianization Actions."

The approach of the Cost Panel report was to quantify by pay-grade and Service to both civilian (WB and GS) and military personnel all factors which represent a liability to the Government. These include

for both classes:

<u>Military</u> ^{1/}	<u>Civilian</u>
Basic Pay	Basic Pay
Retirement	Overtime
PCS Costs	Retirement
Quarters & Other Allowances (not received by civilians)	Life Insurance
Basic Training	Health Benefits
Support	Terminal Leave
Dependency & Indemnity	Workmen's Compensation
Unemployment Compensation	Support
VA Benefits	Unemployment Compensation
Income Tax Adjustment	

1/ Not included in the tables for military positions are costs of occupational training, and the share per person of the pipeline or "military tail."

In their cost submissions, the Services used the Cost Panel report and as requested added the annualized costs of occupational training and share per person costs of non-structure spaces, or "military tail."

Once adjustments are made to the costs stated in the ASD(C) report to reflect occupational and pipeline costs, military personnel appear to be significantly more expensive than comparable civilians as can be seen from typical examples shown in the following table:

TABLE IV

SAMPLE MILITARY-CIVILIAN COST COMPARISONS
 (Army, Navy, and Air Force Examples)^{1/}

Lower Grade Enlisted Positions

<u>DOD Occupational Group</u>	<u>E-4</u>	<u>Army Civilian</u>	<u>Navy Civilian</u>	<u>Air Force Civilian</u>
10 Radio/Radar Repair	\$12,339	\$10,016	\$ 9,591	\$ 9,929
33 Dental	14,678	9,904	N/A	10,060
81 Motor Transport	11,544	9,137	9,591	8,877
51 Admin	11,710	7,669	9,099	8,877
60 Aircraft Repair	12,649	10,016	9,591	N/A

Middle Grade Enlisted Positions

<u>DOD Occupational Group</u>	<u>E-6</u>	<u>Army Civilian</u>	<u>Navy Civilian</u>	<u>Air Force Civilian</u>
10 Radio/Radar Repair	\$17,759	\$11,776	\$12,353	\$10,858
33 Dental	17,567	8,709	10,283	12,213
81 Motor Transport	17,273	10,016	11,898	10,060
51 Admin	17,184	9,904	10,283	11,274
60 Aircraft Repair	17,616	11,336	11,898	N/A

Upper Grade Enlisted Positions

<u>DOD Occupational Group</u>	<u>E-8</u>	<u>Army Civilian</u>	<u>Navy Civilian</u>	<u>Air Force Civilian</u>
10 Radio/Radar Repair	\$23,077	\$15,269	\$15,860	\$13,155
33 Dental	22,908	11,977	12,722	13,452
81 Motor Transport	22,753	12,680	N/A	11,274
51 Admin	22,775	11,049	14,473	13,452

^{1/} Marine Corps is unable to furnish necessary data on training and pipeline costs.

The Task Force estimates, based on examination of all the data relating to civilianizing possibly 102,862 military positions, that the average yearly economic cost savings for each civilian substitution would be approximately \$3,000.

The above data and this overall estimate are sensitive to the following judgmental considerations:

- Are civilian pay grade equivalents properly established?
- Are methods for calculating civilian and military retirement allowances comparable?
- Is the civilian support cost allowance realistic?
- Is the sunk cost of occupational training for military positions annualized accurately?
- Is it realistic to assume that civilian substitutes would require no in-service training?

To obtain another measure of cost savings (or additions), the Task Force requested ASD(C) to attempt to determine the actual budget costs associated with the specific civilianization contingency plans submitted by the Services. The results of the analysis by ASD(C) are discussed briefly in the next section dealing with contingency plans.

Sub-Task #3 -- Contingency Plans

More important than the theoretical maximum potential for civilianization, however, are the actual Service contingency plans for substituting civilians for military positions. Two plans, a low and a high, were prescribed by the study plan and developed by the Services to cover civilianizing the number of military positions shown in the following table.

TABLE V
DESCRIPTION OF CONTINGENCY PLANS

	<u>Positions Civilianized</u>				
	<u>Army</u>	<u>Navy</u>	<u>Air Force</u>	<u>Marine Corps</u>	<u>Total</u>
Low Plan	10,000	10,000	10,000	5,000	35,000
High Plan	20,000	20,000	20,000	10,000	70,000

As submitted by the Services, each of these contingency plans shows the pay grade and occupational field for each military position identified for conversion to a civilian space. Summaries of these detailed plans are at Tab D.

The Task Force analyzed the contingency plans for accuracy, consistency, and feasibility. Although the plans probably would be significantly modified in carrying out any civilianization program, they are realistic plans which provide a suitable basis for making decisions at the Department of Defense level.

The following table shows the yearly cost savings (additions in the case of the Marine Corps) computed by the Services, and checked by the Task Force, associated with the contingency plans. These are based on economic cost comparisons.

TABLE VI
SAVINGS ASSOCIATED WITH CIVILIANIZATION CONTINGENCY PLANS
(\$ in Millions)

	<u>Army</u>	<u>Navy</u>	<u>Air Force</u>	<u>Marine Corps</u>	<u>Total</u>
Low Plan (35,000)	\$39.8	\$29.8	\$45.7	(1.7) ^{1/}	\$113.6 ^{2/}
High Plan (70,000)	74.1	55.9	84.1	(3.1) ^{1/}	212.0 ^{2/}

- 1/ Net cost. However, the Marine Corps used the ASD(C) Cost Panel report factors entirely and did not include additional support ("military tail") and training factors in their calculations. Had their methodology been comparable to the other Services, cost savings of \$15-20 million and \$30-40 million would be expected from the low and high plans respectively.
- 2/ Probably would increase if Marine Corps costing was accomplished as directed.

To corroborate these economic cost savings, which average approximately \$3,000 per military position civilianized, ASD(C) calculated estimated savings in the FY 1974 budget associated with the low (35,000) and high (70,000) plans for civilian substitution. Budget savings, assuming one-half a civilian manyear and one-half a military manyear for each military space civilianized, for the low plan would range from about \$22 to \$31 million depending on the size of the support tail. The military support tail includes non-structure space (e.g., trainees, transients, patients, prisoners) and support spaces (trainers, and other overhead).

The lower dollar savings figure is based on an estimate that the support tail will be 13.5 percent in FY 1974. The higher figure is based on a 20.0 percent support ratio which is a more reasonable approximation. Under the same assumptions, budget savings for the high plan would range from about \$38 to \$58 million. Details of the calculations are at Tab E.

On an annualized basis, budget savings would range from about \$1250 to \$1800 per military space civilianized depending on the actual size of the support tail.

The Services had considerable flexibility in developing contingency plans. This flexibility, coupled with different conditions, policies,

and assumptions used by each Service, resulted in contingency plans which identified significantly different types of military positions for conversion to civilian spaces. This is a matter of interest and should not significantly influence policy determinations. For example, the distribution of positions identified for civilianization in the low (35,000) plan is shown in the table below.

TABLE VII

DISTRIBUTION OF MILITARY POSITIONS IDENTIFIED FOR CIVILIANIZATION
(By DOD Occupational Group - Low Plan)

<u>DOD Occupational Group</u>	<u>Army</u>	<u>Navy</u>	<u>Air Force</u>	<u>Marine Corps</u>
0 Infantry, Gun Crews Seamanship Specialties	0%	0%	0%	1%
1 Electronic Equipment Repairmen	2%	11%	8%	6%
2 Comm & Intelligence Specialties	0%	5%	0%	2%
3 Medical & Dental Spec	26%	0%	47%	0%
4 Other Tech & Allied Spec	2%	4%	21%	2%
5 Admin Spec & Clerks	37%	25%	20%	45%
6 Electrical/Mechanical Equipment Repairmen	3%	23%	9%	9%
7 Craftsmen	1%	1%	0%	5%
8 Service & Supply Handlers	29%	9%	4%	30%
Other ^{1/}		31%		

^{1/} Navy E-2 and E-3 positions are unassigned as to occupational specialty.

Also as a matter of interest, the following table shows that the bulk of military positions identified for conversion to civilian spaces are in the lower enlisted grades.

TABLE VIII.

DISTRIBUTION OF MILITARY POSITIONS IDENTIFIED FOR CIVILIANIZATION
(By Grade - Low Plan)

<u>Enlisted Grade</u>	<u>Army</u>	<u>Navy</u>	<u>Air Force</u>	<u>Marine Corps</u>
E-3, E-4	61%	61%	47%	55%
E-5, E-6	29%	30%	41%	29%
E-7, E-8, E-9	<u>10%</u>	<u>9%</u>	<u>12%</u>	<u>16%</u>
Total	100%	100%	100%	100%

The Services generally oppose civilianization. Sample comments, which were not substantiated, from cover letters accompanying plans submitted to the Task Force are shown below. The cover letters themselves are included with the summaries of Service contingency plans at Tab D.

-- Army

There must be "assurances that the difficulties which occurred following the most recent civilianization program do not recur."

"The Army considers that any large scale civilianization plan should be undertaken only as a last resort. . ."

-- Navy

"It must be stressed that the possible substitutions presented in enclosures (1) and (2) are only as valid as the methodology employed in the study will allow. . .The potential savings which might accrue from the program might change significantly."

-- Air Force

"We do not anticipate a shortfall in recruiting. We do believe that if one should occur a civilianization program would be counter-productive to Air Force objectives."

"We believe that the civilianization alternative contemplated by the study should not be applied to the Air Force."

-- Marine Corps

"Any military savings in these areas can be expected to be offset by an increase in the civilian overhead required to administer the approximately 25% and 50% increases to the currently authorized civilian labor force."

Conclusions and Recommendations

As stated under Sub-Task #1, the Task Force concludes that Army, Navy, and Marine Corps calculations of civilianization potential are reasonable. Also the Task Force concludes that, compared to the other Services, the Air Force submission greatly underestimates civilianization potential. Thus, the 102,862 figure represents a lower bound of the number of military spaces that could be civilianized under the assumptions stated -- enlisted support spaces in CONUS only, current rotation policies, Service definitions of support spaces, Service determination of requirements for military incumbency, etc.

The contingency plans submitted by the Services are reasonable and feasible.

Cost savings accrue from conversion of military to civilian spaces under the assumptions used in the study. Based on economic costs, calculated using the ASD(C) Cost Panel Report, savings would be approximately \$3,000 per year per space converted. Budget savings would be somewhat less.

There are three basic alternatives which should be considered.

-- Alternative One. Keep Service contingency plans as just what they are -- plans which can be developed in more detail and implemented if military manpower shortfalls occur.

-- Alternative Two. Civilianize to the maximum extent possible (about 103,000 spaces) in order to obtain the greatest possible cost savings and help insure that AVF objectives will be achieved at the least possible cost.

-- Alternative Three. Adopt either the high (70,000) or low (35,000) contingency plans as an initial objective for civilianization.

Considerations which influence the selection of one of these alternatives include the following:

-- DOD Policy. DOD Directive 1100.4 states that civilians rather than military personnel will be used whenever possible.

-- Congressional Direction. The quotation from the House of Representatives Report 92-1389 on pages 1 and 2 of this study report clearly indicates that the Congress expects DOD to move forward with greater civilianization starting in FY 1973.

-- Potential Cost Savings. This report shows that substantial cost savings will result from a properly planned and executed program to civilianize additional military positions.

-- Impact on AVF Objectives. Replacement of military positions with civilians lowers military accession and retention requirements thus making achievement of AVF objectives easier and less costly. Done improperly and excessively, civilianization could over the long

run slow down military promotions and increase personnel turbulence. These conditions, if allowed to develop, would adversely affect attainment of AVF objectives.

-- Service Views. The Services oppose further civilianization principally because they view it as threatening their abilities to accomplish their missions. They recall prior civilianization programs which resulted first in the intended shift from military to civilian positions and then ended with a subsequent cut in civilian spaces. The net result was a lowering of military strength without any compensating increase in civilian strength.

After weighing the facts and considering the factors listed above, the Task Force chooses Alternative Three and makes the following recommendations:

-- Recommendation One. That the maximum potential for civilian substitution of 102,862 determined by the Services not be considered as the theoretical maximum since Service estimates, especially the Air Force, appear low.

-- Recommendation Two. That the high (civilianize 70,000 military spaces in six quarters) and low (civilianize 35,000 military spaces in six quarters) plans be considered feasible contingency plans which can be executed to help achieve All-Volunteer Force objectives if necessary.

-- Recommendation Three. That the Assistant Secretary of Defense (Manpower and Reserve Affairs) recommend to the Secretary of Defense that the low (35,000) plan be executed by not later than end-FY 1974 because of cost savings and other considerations.

TAB A

TASK ORDER

TO ACCOMPANY

CENTRAL AVF TASK FORCE REPORT

TASK #3

CIVILIAN SUBSTITUTION

10 February 1972

TASK ORDER #3 TO
CENTRAL TASK FORCE STAFF FOR ALL VOLUNTEER FORCE

Task Assigned

Study for each Service the positions for which civilian personnel direct hire or contract may be substituted for male military personnel in the last half of FY 73 and the FY 74 time period.

Coverage of the Study

1. Identify the positions in each Service in support type, non-combat units and activities in the United States and overseas to be filled by military personnel in this time period.
2. Ascertain the rotation prospects for the military specialties involved in filling these positions, sorting the specialties by those for which rotation will be adequate and those for which rotation will be inadequate.
3. Develop outline plans, time phased plan for substitution, by Services, for these positions and estimate the comparative costs of use of civilian personnel, direct hire or contract, as is appropriate of these substitution plans. Include consideration of the labor market for civilians in developing the outline plans and indicate what actions, if any, are to be taken to expand the labor market as part of the outline plan.
4. A contingency set of plans will be developed for meeting possible accession shortages of 10,000 and 20,000 in Army, Navy and Air Force and 5,000 and 10,000 in Marine Corps.
5. Assess the results of the proposed outline plans on combat readiness.

Assumptions of the Study

1. Resources will be made available as necessary if the outline plan is implemented.
2. It is necessary to quantify the effects of the plans on combat readiness insofar as practical.

Due Dates

1. Study plan and data annex to be submitted by February 19, 1972.
2. Completed staff study to be submitted by June 1, 1972.

TAB B

STUDY PLAN

TO ACCOMPANY

CENTRAL AVF TASK FORCE REPORT

TASK #3

CIVILIAN SUBSTITUTION

CENTRAL AVF TASK FORCE

TASK #3

Civilian Substitution

I. Purpose of Study

This study is one of several being conducted by the Central Task Force for an All Volunteer Force and the Services for the purpose of exploring options and alternatives to compensate for or to mitigate possible shortfalls in accessions in a zero draft environment and to provide a data base for the evaluation of optimum force mixes in future years. The task assigned to this particular study responds to Task Order Number Three, which states, "Study for each Service the positions for which civilian personnel direct-hire or contract may be substituted for male military personnel in the last half of FY 73 and the FY 74 time period."

II. Methodology

A. General

The basic approach to this study is to determine the theoretical maximum number of military billets which could be civilianized in the FY 74 force of each Service, within the constraints of personnel rotation and military requirements. Time phased contingency plans for the civilianization of certain numbers of these billets (10,000 and 20,000 for the Army, Navy, and Air Force; 5,000 and 10,000 for the Marine Corps) will then be drawn up. Difficulties envisaged in substituting civilians for military personnel, such as insufficient rotation base, restricted labor market, and degradation of combat readiness, will be summarized and evaluated.

B. Specific Sub Tasks

Sub Task 1 - Theoretical Maximum Civilianization Potential

Each Service will identify the numbers of active duty enlisted billets by occupational field and pay grade projected in CONUS-based support billets (Shore Establishment for the Navy) of the Force in FY 74. Next, the Services will determine which billets of the Support Force are required to permit rotation of personnel between duty overseas and duty in CONUS (sea and shore for the Navy) in accordance with current Service rotation policies. Services will list those occupational field/pay grade combinations for which the rotation opportunity is projected to be inadequate, and to identify management actions--including the conversion of civilian billets to military--contemplated to redress the rotation balance.

The rotation requirements thus identified are then subtracted from the total Support Force. In this result, however, a number of billets remain which are not susceptible to civilianization because law, tradition, or common sense require that they be filled by military personnel (e.g., recruiters, bandmen, etc.). The Services will identify these billets and subtract them from the Support Force billets remaining after the allowance for rotation has been made. The result is the theoretical maximum number of billets which potentially can be converted from military to civilian.

As the final step in this Sub-Task, indicate in which fields they estimate the civilian labor market, either regionally or nationally, might not be able to support the full potential of civilianization and what actions they might suggest to expand the labor market.

Detailed guidance for making the determinations described above and for the display of the data is given in TAB A. The Services will submit their input for Sub-Task 1 to the Central All Volunteer Force Staff by 15 April 1972.

Sub-Task 2 - Costing

The next step is to develop data on the comparative total annual costs to the Government of civilians and military personnel in the various occupational fields and pay grades identified as potentially susceptible to civilianization. The Services will therefore be asked to calculate costs (covering procurement, training, maintenance, and retirement) for military personnel in the occupational fields and pay grades listed in Sub-Task 1, and to make comparable calculation for civilians. In areas such as food service or public works, where contracting for the entire operation (labor, equipment, and supervision/management) may appear more profitable than direct hire, the Services will so indicate, and give comparative cost advantages.

Detailed guidance for these calculations and for display of results is contained in TAB E. The Services will submit their input for Sub-Task 2 to the Central All Volunteer Force Staff by 15 May 1972.

Sub-Task 3 - Contingency Plans

Before specific contingency plans for compensating for shortfalls in male enlisted recruits can be made, it is first necessary to remove from consideration those billets identified in Sub-Task 1 which projections show will be filled by women in FY 74. The Services will therefore make this identification and subtract them from the theoretical maximum number previously obtained. Services will then indicate which of the remaining groups of billets they would nominate for conversion to achieve a total civilianization of male enlisted billets in each of two cases: 5,000 and 10,000 for the Marine Corps; 10,000 and 20,000 for the three other Services, and to calculate the relative cost saving or loss for these conversions. Additionally, an indication should be made of desired phasing by quarters for the conversions indicated.

In making these plans, the Services will point out constraints on combat readiness if the plans were implemented.

Detailed criteria for selecting billets to be nominated, and formats for the display of data are given in TAB C. Input to the Central All Volunteer Force Staff is requested by 15 June 1972.

Sub-Task 4 - Final Report

On receipt of the inputs from the Services, the Central

All Volunteer Force Staff will correlate the data, reviewing not only for comparability, but also for the influence that the plans of one Service may have on another. The individual Service plans will be laid out with costs and phasing, and the areas of anticipated difficulty identified. The rotational policies of the Services will be compared and estimates made of the effect that modifications to these policies might have. Lastly, the Staff will summarize the degree that implementation of these plans would degrade readiness.

The final report will be submitted by 7 July 1972.

C. Major Assumptions

1. The substitution of civilians will be limited to enlisted military billets only; conversely, substitution of civilians for officers' billets will not be considered. The rationale for this assumption is that substitution for officers would not contribute to reducing enlisted accession shortfalls.

a. The substitution of civilians for enlisted personnel in billets overseas will not be considered, in order to simplify the study. This option may be considered later in the event that the requirement for additional civilian substitutions should develop in preparing contingency plan mixes.

3. Civilianization of billets in Joint and DOD-sponsored organizations (such as in Program Elements 35898, 72898, and 91212) will not be considered. The number of enlisted men in these billets is so small as to be negligible within the framework of this study.

D. Definitions

Throughout the plan certain terms (Force, Support, Billet, etc.) are used in a precise and technical sense which may not be that currently employed by all the Services. These terms are defined and explained at TAB D.

TAB A

Sub-Task 1 - Theoretical Maximum Civilianization Potential

A. Army, Air Force, and Marine Corps

Performance of the Sub-Task should include the following steps:

1. Tabulate the strength of the authorized enlisted force, both overseas and in CONUS, by occupational group and pay grade, using the authorized Force structure. (See Definitions at TAB D)
2. Determine the requirement for a CONUS rotation base for enlisted personnel by occupational group and pay grade. In this analysis use Service rotation policies and criteria.
3. Subtract the number of billets that can be absorbed by CONUS-based operational units (OPS) from the CONUS rotation base (2 above).
4. Subtract the remaining number of billets that can be absorbed by CONUS-based support units (SUPT) from the residual CONUS rotation base (3 above).
5. Identify and list those occupational groups by pay grade that cannot be absorbed in the CONUS rotation base. Management actions to alleviate rotational base deficiencies including employment in related occupational groups, non-career type billets, and conversion of current civilian billets to military, should be explained.
6. Subtract from the residual CONUS rotation base (4 above) those billets which should be filled by military personnel in accordance with general guidance set forth in paragraph IV - DOD Directive 1100.4 of 20 August 1954, and related Service criteria. The remaining billets constitute the base for theoretical maximum civilianization potential.
7. Use Table I to show the foregoing analysis. A description of Service policies and criteria used in determining rotation requirements and in identifying billets that must be military, together with management actions to eliminate rotational base deficiencies, should be appended to the Table.

B. Navy

Performance of the Sub-Task should include the following steps:

1. Tabulate the strength of the total authorized enlisted force (see Definitions at TAB D) by rating (occupational field) and rate (pay grade).

2. Determine the billets by rating and rate that are required in the Shore Establishment for the rotation of Sea Duty and Overseas Unaccompanied Duty enlisted personnel under current Navy rotation policy. In these calculations, consider Preferred Sea Duty billets as part of the Shore Establishment.

3. Subtract the number of billets that can be absorbed by the Shore Establishment from the rotation requirement in 2 above.

4. Identify by rating and rate those Sea Duty billets for which comparable billets, in similar ratings or in billets for which ratings are not specified, are insufficient. Management actions to alleviate rotational base deficiencies, including employment in related occupational groups, non-career type billets and conversion of current civilian billets to military, should be explained.

5. Subtract from the residual Shore Establishment billets (3 above) those billets which should be filled by military personnel in accordance with general guidance set forth in paragraph IV - DOD Directive 1100.4 of 20 August 1954 and related Service criteria. The remaining billets constitute the base for potential civilian substitution.

6. Use Table II to show the foregoing analysis. A description of Service policies and criteria used in determining rotation requirements and in identifying billets that must be military, together with management actions to eliminate rotational base deficiencies, should be appended to the Table.

C. Civilian Labor Market

The maximum potential for civilianization may be constrained by the availability of certain skills and experience levels in the civilian labor market. The Services will estimate the extent of these constraints, based on their experience in the various geographic sectors of the country. In addition, comments on whether these constraints could be eased by specific management actions, such as payment of relocation bonuses, Service sponsored training programs, increase in fringe benefits, and the like, are required.

D. Submission

Sub-Task 1 reports should be submitted to the Central All Volunteer Force Staff by 15 April 1972.

CIVILIAN SUBSTITUTION -- ARMY, AIR FORCE, and MARINE CORPS

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TABLE II

CIVILIAN SUBSTITUTION -- NAVY

Rate and Rating	Authorized Strength			Required Rotation Billets	Shore Duty Less Rotation	Shore Estab. Billets Military Only	Potential For Civilianization	Remarks
	Total	Sea Duty And Unaccompanied Overseas	Shore Duty Accom- panied & Pref. Sea Duty					

TAB B

Sub-Task 2 - Costing

A. Performance of the Sub-Task by all Services, using cost factors derived from Individual Service experience, should include the following steps:

1. For each occupational field and pay grade for which a potential for civilian substitution was identified in Sub-Task 1, calculate in 1972 dollars:

a. Total annual cost to the Government if the billet were occupied by an enlisted man. This cost should be calculated on the basis of the four component factors which, taken together, describe military manpower costs:

-- Procurement - recruiting, initial travel, outfitting

-- Training - basic and advanced, as applicable to the particular grade skill level being costed

-- Maintenance - regular military compensation (January 1972 rates) plus the pro-rata share of base support, medical and other maintenance charges

-- Retirement - based on the probability that the incumbent will retire

b. Total annual cost to the Government if the billet were occupied by a civilian. This should be based on the best estimate of what compensation (including fringe benefits) would have to be offered to attract a civilian to that billet. If extra hazard or remote duty pay would be involved, it should be included (e.g., bomb disposal technician or oceanographer). If compensation premiums are determined to be necessary in Sub-Task 1 to provide an adequate labor market, they also should be included. Training costs should not be included, however, except in those instances where special skills not obtainable in the civilian sector are required; in which event the comparable military training costs should be used for the special, but not the basic, skill school. (Example: for costing the civilianization of a billet for coding machine repairman, estimate the compensation required to hire a civilian with a general electromechanical background. Add to this the cost of the military advanced school in crypto repair).

c. Table III gives a format for display of this data.

2. In order that the comparability of civilian substitution cost factors used by each Service may be evaluated, it is requested that sample cost calculations for the three bench mark billets listed below by career field, be submitted in full, listing factors used, together with ranges of uncertainty.

<u>DOD Occupa- tional Group</u>	<u>Pay Grade</u>	<u>Army MOS</u>	<u>Navy Rating</u>	<u>Marine Corps MOS</u>	<u>Air Force A F S C</u>
510 Admin.	E-4	71B	YN	0141	70230
400 Photog.	E-5	84B	PH	4631	23651
101 Comm. Repair	E-6	32B	ETN	2841	30474

3. Some functions now performed by enlisted men under military supervision and using Government equipment might be performed by civilian contractors. In addition to calculating costs for civilian direct-hire personnel, the Services are requested to indicate where such functions could be contracted out, to civilian firms, and to indicate the relative cost advantages as developed by studies recently completed or now in progress.

B. Service inputs for Sub-Task 2 to the Central All Volunteer Force Staff are requested by 15 May 1972.

TABLE III

COMPARATIVE COSTS PER MAN-YEAR

Occupational Fields and Grades	Military Male 1972 \$	Civilian 1972 \$	Remarks (regional differences market availability, etc.)
Occupational Field XX E9 E8 E7 E6 E5 E4 E3 etc. (if appropriate)			
Occupational Field XX E9 E8 E7 E6 E5 E4 E3 etc. (if appropriate)			
ETC.			

TAB C

Sub-Task 3 - Contingency Plans

Each Service is requested to prepare two plans for making up possible shortfalls of male enlisted accessions, in accordance with the following:

A. Identify in which occupational fields and pay grades it is projected that women will be serving in the Support Force in FY 74, and subtract these groups of billets from the list generated in Sub-Task 1.

B. Nominate for conversion to civilian manning a total of 5,000 and 10,000 billets for the Marine Corps; and 10,000 and 20,000 for the Army, Navy, and Air Force. These figures represent net requirements. Accordingly, any billets which the Services envisage converting from civilian to military billets to satisfy rotational requirements must be added to the numbers indicated above. The criteria used in making these nominations should include the following:

1. Relative Economic Costs, based on the determinations made in Sub-Task 2.

2. Feasibility:

a. The capability of the civilian labor market, as analyzed in Sub-Task 1.

b. The capability of providing appropriate promotional opportunity.

3. Flexibility of Assignment and Operations

4. Combat Readiness.

C. Determine the costs of the plans derived as follows:

1. For each group of like billets nominated for substitution, determine the difference in cost (plus or minus) between an enlisted male incumbent and the proposed civilian incumbent.

2. Extend the difference by the number of spaces in the occupational field and grade being substituted, and sum all the extensions for a force total cost (or benefit).

3. For both plans, indicate the number of military, individual sup-post-type billets (e.g., hospitalmen, instructors) which can be eliminated due to the net reduction of military personnel in the Force. The cost of these billets should have already been included in the calculations made in TAB B.

4. Indicate how the billets nominated for substitution might be phased in by calendar quarters, coding each quarter as follows:

- 1 - Jan-Mar 1973
- 2 - Apr-June 1973
- 3 - July-Sep 1973
- 4 - Oct-Dec 1973
- 5 - Jan-Mar 1974
- 6 - Apr-June 1974

D. Identify problems in implementation of the contingency plans together with suggested procedures, techniques, or authorizations to eliminate or mitigate these problems. Specific comments should include those related to:

1. Combat Readiness and Flexibility
2. Potential of the Civilian Labor Market
3. Personnel Management Including Promotion Flow
4. Fiscal Management
5. Other

E. Use the format of Table IV to display results of this analysis. Submit by 15 June 1972.

TABLE IV

CONTINGENCY SUBSTITUTION PLAN
(Costs in Thousands of 1972 Dollars)

(Shortfall)

Occupational Fields and Grades	Number Billets for Civil- ians	Cost Differ- ences Per Civilian	Extended Cost	Number Civil- ian Billets Enl.	Cost Differ- ences Per Enl. Man	Extended Cost	Net Total Cost	Phase- In Quarter	REMARKS
Occupational Fields									
E-									
E-									
Occupational Fields									
E-									
E-									
ETC.									
TOTALS									

TAB D

Definitions

1. Billet - A personnel position or assignment which may be filled by one person.
2. Civilian - Civil Service direct hire personnel, including graded-ungraded.
3. Contract - Support performed by a commercial organization to provide services or to perform a function.
4. Force - Military enlisted personnel on active duty as displayed for FY 74 in the FYDP dated 24 January, 1972.
5. Grade - The enlisted pay grades E-2 through E-9. E-1's are considered in basic training and thus are not assigned an occupational field.
6. Non-Career Billet - A billet such as recruiter, interpreter, or master-at-arms, where the incumbent's specialty or skill (primary MOS/AFSC or rating) is not directly involved. This type of billet has been referred to variously as "special duty" by the Air Force, "G" billet by the Navy, and "B" billet by the Marine Corps.
7. Occupational Field - For Army, Air Force, and Marine Corps the two digit level of aggregation of numeric job classification (MOS and AFSC). For Navy, the rating, including subdivisions (e.g., ETN).
8. Operational (OPS) - Those forces whose primary missions are to participate in combat, and the integral parts thereof. (Specifically, "Strategic" and "General Purpose Forces".)
9. Rotation - The planned succession of permanent duty assignments within the enlisted force structure of the Army, Marine Corps, and Air Force between overseas and CONUS assignments. Navy personnel are considered to rotate between Sea Duty (including unaccompanied Overseas Shore Duty) and Shore Duty (including preferred Sea Duty).
10. Support (SUPT) - Those forces other than operational forces (OPS). (Specifically, "Other Missions" and "General Support Forces".)

TAB C

INTERIM REPORT

TO ACCOMPANY

CENTRAL AVF TASK FORCE REPORT

TASK #3

CIVILIAN SUBSTITUTION

16 August 1972

CENTRAL AVF TASK FORCE

TASK #3

CIVILIAN SUBSTITUTION

INTERIM REPORT

SUMMARY

The substitution of civilians for military personnel in the Armed Forces is one of the alternatives in manpower management being examined in anticipation of the cessation of conscription. All four Services have submitted their estimates of the theoretical maximum number of CONUS enlisted billets that could be converted to civilian occupancy in their projected FY 1974 force structure. A total of 102,862 billets was identified as potentially civilianizable.

The substitution potential reported by the Services is summarized below:

	<u>Substitution Potential</u>	
	<u>Number</u>	<u>As a % of the Enlisted Structure Spaces*</u>
Army	36,552	6.1%
Navy	25,301	6.2%
Air Force	27,640	5.4%
Marine Corps	<u>13,369</u>	9.3%
Total	102,862	

*Authorized enlisted strength less Trainees, Transients, Patients and Prisoners.

The study is restricted to substitutions for enlisted positions in CONUS. The decision was made to omit consideration of officer conversion

because a key reason for the study is to consider civilian substitution as a means of meeting potential recruiting shortfalls in an All-Volunteer Force environment. Overseas substitutions were not considered in the study in order to simplify the analysis. The conversion of overseas billets can be examined at a later date.

The Service studies were prepared in accordance with AVF Task Force instructions; however, there were significant differences in the assumptions, policies and procedures used by the Services in preparing their submissions. The "civilian potential" computation is sensitive to:

- The proportion of the enlisted positions in CONUS identified as having a support function in each Service.
- Rotation policy in each Service.
- Criteria used in determining which positions required a military incumbent because of the nature of the job.

This report identifies Service differences in making these sensitive decisions.

The Service submissions appear reasonable; however, it is believed that the Air Force civilianization potential is considerably larger than the number it reported. It is significant to note, however, that the potentials stated are sufficiently large to cover the requirements of the contingency plans required as the final step of the study. These contingency plans call for substitutions of from 10,000 to 20,000 for Army, Navy, Air Force, and from 5,000 to 10,000 for the Marine Corps. The Services are in the process of preparing these specific plans.

Estimates of comparative costs for military and civilians have also been received from all Services. These estimates were based on the 1972 Cost Panel Report issued by ASD(C). They indicate a substantial cost advantage for civilians, the amount differing by technical specialty and pay grade.

Although some Services may not find it necessary to substitute civilians for military personnel as a means of offsetting recruitment shortfalls, the cost advantage of civilianization may make the program attractive to the Services.

CENTRAL AVF TASK FORCE

TASK #3

CIVILIAN SUBSTITUTION

INTERIM REPORT

BACKGROUND

On February 10, 1972, the Central AVF Task Force was directed to study the feasibility and implications of substituting civilian for military personnel in various billets in each of the Armed Services. This study is one of several being conducted by the Central AVF Task Force to evaluate alternative means for maintaining required military force levels in a zero draft environment. Although the present study of civilianization is not complete, enough pertinent data has been gathered to permit preliminary analysis and tentative conclusions.

METHODOLOGY

The first step of this study was to ask each Service to determine the maximum number of enlisted military support billets in CONUS which could be civilianized in the FY 1974 force, within the constraints of personnel rotation and military requirements. To make this determination, the Services were requested to identify by occupational field and pay grade the number of billets in the CONUS-based support force, and then to indicate how many of these support billets were required to furnish a rotation base for overseas or sea duty billets. Of the support spaces remaining after rotation needs were met, the Services were asked to identify how many were required to be filled by only military personnel

RESULTS

The Services reported that 102,862 enlisted support positions in CONUS could be considered for conversion to civilians in FY 1974.

TABLE I

POTENTIAL CIVILIANIZATION OF FY 1974 SUPPORT STRUCTURE SPACES
BY SERVICE

Army	36,552
Navy	25,301
Air Force	27,640
Marine Corps	<u>13,369</u>
Total	102,862

The Services, following instructions from the Central AVF Task Force, used the process described below in arriving at these results.

The first step involved identifying the portions of the enlisted force overseas and in CONUS, and within CONUS the number of spaces assigned to support functions.

TABLE II

FY 1974^{1/} ENLISTED MANPOWER BY MAJOR CATEGORY
(000)

<u>Service</u>	<u>Total Manpower</u>	<u>Less, TTPP^{2/}</u>	<u>Total Structure Spaces</u>	<u>Overseas/ Sea</u>	<u>CONUS Manpower</u>	
					<u>Operational</u>	<u>Support</u>
Army	725.5	130.0	595.5	278.8	210.3	106.4
Navy	503.5	93.6	409.9	263.5	-	146.4
Air Force	566.5	55.7	510.8	139.1	242.2	129.5
Marine Corps	<u>178.8</u>	<u>34.8</u>	<u>144.0</u>	<u>25.5</u>	<u>98.4</u>	<u>29.2</u>
Total	1,974.3	314.1	1,660.2	706.9	550.9	402.5

Note: May not add due to rounding.

^{1/} Army used an end-FY 1973 force.

^{2/} Trainees, Transients, Patients, and Prisoners.

The next table shows how the Services determined the number of CONUS support spaces potentially available for civilianization.

The CONUS enlisted structure spaces are divided between operational and support billets. Not all the support billets are potentially available for civilianization. After computing the rotation base, the Services determined how many support spaces had to be reserved for rotation needs. The remaining support spaces were then analyzed to determine which could not be civilianized because they had to be filled by a military person.

TABLE III
DETERMINATION OF CONUS SUPPORT SPACES AVAILABLE
FOR CIVILIANIZATION, FY 1974
(000)

	<u>Army</u>	<u>Navy</u>	<u>Air Force</u>	<u>Marine Corps</u>
1. CONUS Military Structure Spaces - Total	<u>316.7</u>	<u>146.4</u>	<u>371.7</u>	<u>118.5</u>
a. Operational	210.3	-	242.2	98.4
b. Support	106.4	146.4	129.5	20.2
2. Rotation Requirement - Total	<u>124.1</u>	<u>71.1</u>	<u>273.1</u>	<u>68.6</u>
a. Satisfied from CONUS-OPS	93.5	-	204.0	61.8
b. Satisfied from CONUS-SPT	30.6	71.1	69.1	3.6
3. CONUS SPT Spaces Available After Providing for Rotation (Line 1b minus line 2b)	75.7	75.3	60.3	16.6
4. Military Only Spaces ^{1/}	39.2	50.0	32.7	3.2
5. Net CONUS SPT Spaces Available for Civilianization (Line 3 minus line 4)	36.5	25.3	27.6	13.4

Note: May not add due to rounding.

^{1/} Number of spaces in line 3 which Services claim must remain military. There are additional spaces in the rotation base which are "military only" spaces.

The following table shows the Service computed potential civilianizable positions as a percent of the total structure spaces and as a percent of their CONUS support spaces.

TABLE IV

POTENTIAL CIVILIANIZATION AS A PERCENT OF:

	<u>Structure Spaces</u>	<u>CONUS Support</u>
Army	6.1%	35%
Navy	6.2%	17%
Air Force	5.4%	21%
Marine Corps	9.3%	66%

The Services provided an occupational distribution of the positions they identified as potentially civilianizable.

TABLE V

MILITARY OCCUPATIONAL DISTRIBUTION OF POTENTIALLY CIVILIANIZABLE POSITIONS

<u>DOD Occupation Group</u>	<u>Army</u>	<u>Navy</u>	<u>Air Force</u>	<u>Marine Corps</u>
0 Infantry, Gun Crews & Seamanship Specialties	.5%	0%	0%	1.7%
1 Electronic Equipment Repairmen	5.0%	7.3%	2.3%	5.2%
2 Communications & Intelligence Specialties	.6%	2.2%	0%	3.1%
3 Medical & Dental Specialists	33.0%	4.0%	31.0%	0%
4 Other Technical & Allied Specialists	6.4%	5.0%	7.3%	2.1%
5 Administrative Specialists & Clerks	31.3%	28.0%	54.5%	44.0%
6 Electrical/Mechanical Equipment Repairmen	6.0%	27.0%	1.0%	9.2%
7 Craftsmen	.2%	.5%	.5%	4.5%
8 Service & Supply Handlers	17.0%	0%	3.4%	26.0%
- Other ^{1/}	<u>0%</u>	<u>26.0%</u>	<u>0%</u>	<u>4.2%</u>
Total	100.0%	100.0%	100.0%	100.0%

^{1/} Navy and Marine Corps E-2 and E-3 undesignated as to occupational specialty.

The Services also provided information on the pay grades of the positions they identified as potentially civilianizable.

TABLE VI

PAY GRADE OF CIVILIANIZABLE POSITIONS

	<u>E-2 to E-4</u>	<u>E-5 to E-9</u>
Army	58%	42%
Navy	75%	25%
Air Force	47%	53%
Marine Corps	61%	39%

COMPARABILITY OF SERVICE METHODOLOGIES

The Central AVF Task Force provided the Services with detailed instructions and guidelines for computation of the "maximum potential" military support structure spaces which could be civilianized. The instruction allowed flexibility to accommodate differences in Service policies and definitions. The variations in Service application of the instruction affect the end-result. Differences in Service methodologies were:

1. Support Spaces Definition. The pool of jobs considered for civilianization is the CONUS support spaces. The definition of what CONUS units or positions are "operational" and what types are "support" influences directly a Service's ultimate potential for civilianization by controlling the initial size of the available pool.

The following table shows the proportion of the CONUS spaces each Service designated as operational and support.

TABLE VII

CONUS STRUCTURE SPACES, OPERATIONAL vs SUPPORT
(000)

<u>Service</u>	<u>CONUS Structure Spaces</u>			<u>Percent Support</u>
	<u>Total</u>	<u>Operational</u>	<u>Support</u>	
Army	316.7	210.3	106.4	34%
Navy	146.4	-	146.4	100%
Air Force	371.7	242.2	129.5	35%
Marine Corps	118.6	98.4	20.2	17%

The definitions used by each Service in defining the CONUS support structure spaces are as follows.

a. Army. The division between the two categories was made by considering all Table of Organization & Equipment (TOE) units operational and Table of Distribution and Allowance (TDA) units as support activities. The assumption made is that TOE units must be available for deployment even though some are being used to provide support services in CONUS. Under this definition, 34% of the CONUS billets were considered support.

b. Navy. Sea duty billets and overseas short tours were classified as operational and shore duty as support, with some minor adjustments made to reflect the non-combatant nature of some sea duty positions. Thus all CONUS and overseas long tour positions were classified as support.

c. Air Force. If a billet fell in DOD Program I (Strategic Forces), II (General Purpose Forces), or IV (Airlift), it was counted as operational. This includes billets in all elements of these

Programs - Command, units, and base support associated with these programs. Using this definition, 35% of the CONUS billets were classified as support.

d. Marine Corps. Units designed for combat and those support elements which deploy with combatant units were considered operational. Only 17% of the Marine Corps CONUS billets were designated as support. Reasons for the low ratio are the fact that the Navy provides medical support to the Marine Corps, and the Marines are generally austere in support functions.

2. Rotation Base Calculation. The size of the rotation base affects the pool of jobs available for civilianization because a portion of the rotation base is deducted from the support spaces in determining the pool of support jobs available for civilianization.

The following table shows the size of the rotation base each Service used in the study compared to the number of overseas and sea enlisted positions:

TABLE VIII

ENLISTED ROTATION BASE REQUIREMENT COMPARED TO OVERSEAS/SEA TOTAL
(000)

<u>Service</u>	<u>Overseas/Sea Billets</u>	<u>Rotation Requirement</u>	<u>Rotation Base as a Percent of Overseas/Sea Billets</u>
Army	278.8	124.1	45%
Navy	263.5	71.1	27%
Air Force	139.1	273.1	196%
Marine Corps	25.5	68.6	269%

The instructions to the Services permitted them to select their own rotation policy for the study. There are significant differences in the policies used by each Service which, in turn, led to the differences in rotation requirements highlighted in Table VIII above.

a. Duty Requiring Rotation Base. The Navy and Marine Corps define the duty which generates the requirement for rotation as essentially unaccompanied duty -- duty at sea, duty in Vietnam, duty that implies hardship and family separation. Duty overseas with dependents is pointedly not considered as duty requiring a rotation base. The Army and the Air Force, on the other hand, define rotatable duty as duty outside CONUS, whether or not the duty is accompanied and irrespective of the relative attractiveness of the duty.

b. Frequency of Rotation.

(1) Navy used for its rotation calculations the goal it is now trying to implement in practice: a one for one cycle, or a year ashore for every year at sea. This applies to career personnel only because the junior grade personnel usually stay at sea for the length of their first enlistment.

(2) Army calculated its rotation requirements for careerists on a formula which averages about $1\frac{1}{2}$ years in CONUS for one year overseas. The ratio is different for accompanied and unaccompanied tours. No rotation base requirements is generated by non-career personnel.

(3) Air Force calculated its rotation requirement on a formula which provides an average of 3.6 years in CONUS for one year overseas. As in the Army, the ratio is different for accompanied and

unaccompanied tours. Because of the four-year term of enlistment in the Air Force, a rotation base is provided for non-career as well as career personnel. The Air Force rotation policy results in a rotation base requirement which greatly exceeds that of Army and Navy.

(4) Marine Corps used a formula which provides five years in CONUS for one year overseas for career personnel and two years in CONUS for one year overseas for non-career personnel. Rotation requirements are provided only for unaccompanied tours. The low frequency of rotation in the Marine Corps formula, plus the high proportion of unaccompanied tours results in a very high rotation requirement for the Marine Corps in relation to their overseas strength.

Rotation base requirements that can be satisfied by the operational units do not affect civilianization potential. Rotation requirements which are designated to be satisfied by CONUS support billets do limit the potential for civilianization. The following table shows the portion of the Service rotation requirement which was absorbed by operational vs. support billets in CONUS.

TABLE IX

USE OF CONUS FORCE TO SATISFY ROTATION BASE REQUIREMENTS
(000)

	<u>Army</u>		<u>Navy</u>		<u>Air Force</u>		<u>Marine Corps</u>	
	<u>OPN</u>	<u>SPT</u>	<u>OPN</u>	<u>SPT</u>	<u>OPN</u>	<u>SPT</u>	<u>OPN</u>	<u>SPT</u>
Authorized CONUS Spaces	210.3	106.4	0	146.4	242.2	129.5	98.4	20.2
Rotation Requirement	93.5	30.6	0	71.1	204.0	69.1	61.8	6.8
% of CONUS OPS Used to Satisfy Rotation Re- quirement	44%		NA		84%		63%	

If the total rotation requirement of a Service could be satisfied by assigning personnel to CONUS OPS units after their return from overseas, there would be no depletion of the pool available for substitution. Not all rotation assignments can be made to CONUS operational units because of the need to match the skill and grade of men and jobs in making assignments. It is worthy of note, however, that Army used only 44% of its CONUS operational billets for satisfying rotation requirements. The Army pool for civilian substitution could be increased if it could assign more overseas returnees to CONUS operational units and fewer to support.

3. Military Only Billets. The Study Plan asked the Services to identify those billets of the net CONUS support spaces (after allowance was made for the rotation base requirement) that must be military only, using the broad criteria of DOD Directive 1100.4 (Guidance for Manpower Programs)*. Additionally, both the Army and Air Force used their detailed amplifying regulations (AR 570-4 and AFR 26-10, respectively) in making this determination.

It is very difficult for an analyst working in the Pentagon to make the determination as to which positions must be military because of the nature of the job. The analyst deals with aggregated positions by occupational code and grade and lacks the information which is available at the job site. The error could be in either direction, but the Task Force

*This Directive states that civilians will be used to fill all positions not requiring military personnel for reasons of law, training, security, discipline, rotation, combat readiness, or need for military background.

noted some bias towards depleting the pool available for civilian substitution. For example, the Air Force reserved entire occupational fields for "military only" incumbency. The Army study contains some overlap between CONUS support positions reserved for rotation and those reserved for military incumbency because of the nature of the job.

EVALUATION OF SERVICE SUBMISSIONS

The preceding section of this report described how the calculation of the civilian substitution potential is sensitive to the assumptions, policies and procedures used in:

- Identifying operational vs. support spaces in CONUS.
- Determining the magnitude of the rotation base.
- Determining whether rotation needs could be satisfied by assignments to CONUS operating forces or CONUS support forces.
- Designating support positions as requiring military incumbency because of the nature of the job.

On the whole, the Services followed the instructions provided by the Central AVF Task Force and exercised reasonable judgment in applying the guidelines. The Task Force concludes that the Army, Navy and Marine Corps calculations of their potential civilianization are reasonable. A more detailed audit of the Army submission could result in several thousand more positions available for civilian substitution but the change will not alter the Army total significantly. The Task Force also concludes that, compared to the other Services, the Air Force submission greatly underestimates the civilianization potential in that Service. The key reasons for this underestimation are:

-- The method used by the Air Force in determining the size of its CONUS support base.

-- The Air Force used a more liberal rotation policy than applied by the other Services.

-- The method used by the Air Force in designating positions as "military only" excessively depletes the number of jobs available for civilian substitution.

The table below compares the Service inputs to the Task Force with the civilianization potential calculated in a study prepared by the staff of the Gates Commission*. This study was based on post-Vietnam baseline forces ranging from 2.0 to 3.0 million and included civilianization potentials at overseas locations. The submissions to the AVF Task Force were restricted to civilian substitution in CONUS activities.

TABLE X

MAXIMUM POTENTIAL CIVILIAN SUBSTITUTION FOR ENLISTED POSITIONS
(000)

	<u>Service Submission to AVF Task Force</u>	<u>Gates Commission Study (2.25 Million Force)</u>
Army	36.6	0
Navy	25.3	17.7
Air Force	27.6	119.9
Marine Corps	<u>13.4</u>	<u>14.3</u>
Total	102.9	152.0

*Ames S. Albrow, Jr., "Civilian Substitution," Vol I, Studies Prepared for

There are two significant differences in the two studies.

1. The Gates Commission estimated no civilianization potential for Army whereas Army estimates a potential of 36,600. The Gates Commission Study may have miscalculated the Army rotation requirement.

2. The Gates Commission Study estimated a civilianization potential of 119,900 for Air Force compared to the Air Force submission of 27,600.

It should be noted that the Gates Commission Study concluded that the practical limits of civilian substitution "are probably about half of the maximum levels identified."

The next section discusses some of the problems in civilian substitution which serve to limit the attainment of the theoretical maximums calculated in staff studies.

The Task Force instructions to the Services did not require them to estimate the reduction in military billets that would accompany a military-civilian substitution program. It is recognized that there would be a reduction in military spaces devoted to Trainees, Transients, Patients, and Prisoners and to military billets devoted to training and supporting military personnel and their dependents. There would be some offset to this savings to provide administrative support to newly employed civilians. While the figure will vary among Services, previous studies indicate a figure of over 15 percent for net manpower savings. This subject will be addressed further after the actual contingency plans are received from the Services.

MANAGERIAL IMPLICATIONS

With their submissions on the theoretical maximum potential for civilianization, the Services pointed out that any program of this nature would have certain managerial implications which must be considered before a decision to implement any plans is made. The following is a summary of points cited by the Services, together with comments on their significance:

1. Effect on Promotion Flow. Point: If significant numbers of billets in the senior enlisted pay grades of a career field were civilianized, promotion opportunity for those in the lower grades would be upset.

Comment: This is a key problem which has to be handled by properly designing any civilianization program. A solution would be making proportionate conversions in all pay grades or starting conversions with the lower grades.

2. Turbulence. Point: A civilianization program will inevitably induce added turbulence into Service life at a time when just the opposite trend is being sought.

Comment: Careful planning for realistic phase-in of the new civilians, taking advantage of normal military tour lengths where possible will minimize the problem. A key point to civilianization is that it creates stability for those billets civilianized which stops turbulence in those billets.

3. Civilian Personnel Management. Point: Although the productivity of civilians may well be equivalent to that of military enlisted

personnel in the support area, their flexibility of assignment is not. Also, they cannot be as easily hired and RIF'd.

Comment: The civil service rules on the management of civilians do not constitute a significant obstacle to civilian substitution. The Department of Defense now employs more than one million civilians and as recently as 1968 employed 1.4 million. The problems of civilian personnel management did not limit DOD to expand and contract the civilian work force for World War II, the Korean and Vietnam conflicts. Since the civilians under discussion are to be used in positions not affected by the military rotation requirement, the need for their reassignment should be minimal. Another point to remember is that civilian employees can, in many cases, be transferred and the trend toward mobility is increasing. Civilians can usually be hired if jobs are available, and their recruitment, across the board, may prove to be considerably easier than recruitment of military personnel.

4. Surge Capability. Point: Military Personnel in support functions provide a pool of qualified manpower to bring up combat units to full strength virtually instantaneously in times of national crisis.

Comment: The impact on readiness should certainly be considered before implementing a civilian substitution program. This evaluation should also consider the DOD policy to use the Reserves as an "initial augmentation" in an emergency. To the extent that the civilianization program offsets military recruitment shortfalls, it would appear that the substitution of civilians for unfilled military spaces would increase rather than decrease combat readiness. Maintaining military

personnel in support activities as a "bank" to be drawn on in emergencies tends to keep operational units understrength and to pose a serious problem of turbulence in the support activities if the military personnel are suddenly withdrawn.

5. Availability of Qualified Civilians. Point: It may be difficult to hire civilians for many of the military positions identified for substitution.

Comment: Civilian labor market problems may very well limit the hiring of civilians in certain skills and at some geographic locations. The magnitude of this problem can only be determined by bringing field activities into the planning of a real-life civilian substitution program.

6. Military-Civilian Friction. Point: To increase the proportion of civilians is to increase friction in the force. Friction between two labor groups with such disparate disciplines is inevitable.

Comment: Individual instances of friction may occur, but proper leadership can rectify this. The magnitude of civilianization plans under consideration will not significantly alter the military-civilian ratio in the work force.

7. Manpower Ceilings. Point: There is a danger that after executing a civilian substitution program, civilian manpower ceiling reductions will subsequently eliminate the civilian space increase.

Comment: Past experience has shown that this is a real danger. It is vital to bring this problem to the attention of the Office of Management and Budget and Congress in executing a civilian substitution program.

8. Operational Difficulties in the Field. Point: The time frame of this study was such that the calculations were made at the headquarters level without reference to the field. Also, account was not taken of future base closures or force structure changes.

Comment: The concern of the Services that a civilian substitution plan may be implemented before they have worked out the details is fully appreciated. These calculations of potential for civilianization, however, are simply designed to represent an order of magnitude, not a blueprint for the civilianization of specific billets in specific units.

COMPARATIVE COSTS

When the study plan for this task was first promulgated, the Services were requested to make their own calculations of costs for civilians and for military, under the headings of procurement, training, maintenance, and retirement. Each Service was to use factors developed through its own investigations and experience.

Shortly thereafter, a report entitled "Economic Cost of Military and Civilian Personnel in the Department of Defense" became available from a Cost Panel convened by Mr. Robert Moot, ASD(C), with representation from each Service. The Cost Panel updated a 1966 report entitled "The Economic Impact of Civilianization Actions." No attempt was made to alter the methodology of this previous report, the Cost Panel simply confining itself to bringing the data into conformance with current pay scales and expenditure rates. The Cost Panel report has now been referred to other sections of OSD and to the Services for comment.

The approach of the Cost Panel Report is to quantify by pay-grade and Service for both civilian (WB and GS) and military personnel all factors which represent a liability to the Government. These include for both classes:

<u>Military</u>	<u>Civilian</u>
Basic Pay	Basic Pay
Retirement	Overtime
PCS Costs	Retirement
Quarters & Other Allowances (not received by civilians)	Life Insurance
Basic Training	Health Benefits
Support	Terminal Leave
Dependency & Indemnity	Workmen's Compensation
Unemployment Compensation	Support
VA Benefits	Unemployment Compensation
Income Tax Adjustment	

Note: Not included in the tables for the military are the cost of occupational training, and the share per person of the pipeline or "military tail."

When the ASD(C) Report became available, it was decided to ask the Services to base their comparative cost calculations on it instead of possibly disparate Service studies. Results of these calculations have been received from the Army, Navy, and Marine Corps. If adjustments to the ASD(C) Report are made to reflect occupational training and pipeline costs, military personnel appear to be significantly more expensive than comparable civilians, as can be seen from Table XI. (The Marine Corps was unable to furnish data on training and pipeline costs.)

TABLE XI

SAMPLE MILITARY - CIVILIAN COST COMPARISONS
(Based on Army & Navy Date)

DOD Occupational Field	E-4	Army		Navy		E-6		Army		Navy		E-8		Army		Navy	
		Civilian		Civilian		Civilian		Civilian		Civilian		Civilian		Civilian		Civilian	
10 Radio/Radar Repair	\$12,339	\$10,016	\$	9,591	\$17,759	\$11,776	\$12,353	\$23,077	\$15,269	\$15,860							
33 Dental	14,678	9,904	N/A		17,567	8,709	10,283	22,908	11,977	12,722							
81 Motor Transport	11,544	9,137		9,591	17,273	10,016	11,898	22,753	12,680	N/A							
51 Admin	11,710	7,669		9,099	17,184	9,904	10,283	22,775	11,049	14,473							
60 Aircraft Repair	12,649	10,016		9,591	17,616	11,336	11,898		(None so high)								

These data pose a number of questions:

- How are civilian pay grade equivalents established?
- Is the method of calculating civilian and military retirement allowances comparable?
- Is the civilian support cost allowance realistic?
- How can the sunk cost of occupational training for the military be annualized most accurately?
- Is it realistic to assume that civilian substitutes would require no in-service training?

The Task Force has considered these questions and concludes that the economic cost comparisons presented are reasonably accurate averages. The Task Force does not have the capability of computing budget costs or savings of various civilianization plans. However, it is anticipated that OASD(C) will be able to estimate budget costs or savings of specific contingency plans for civilian substitution for inclusion in the final report.

DEVELOPMENT OF CONTINGENCY PLANS

The last step in the Study Plan is to develop actual plans for civilianization. Only the Marine Corps submission has been received thus far. In reviewing these plans, the managerial implications discussed previously will be considered carefully. Finally, the implications both on total economic cost and on the various accounts of the DOD budget must be investigated.

RECOMMENDATIONS

(Reserved until final report.)

TAB D

SUMMARIES OF SERVICE CONTINGENCY PLANS

TO ACCOMPANY

CENTRAL AVF TASK FORCE REPORT

TASK #3

CIVILIAN SUBSTITUTION

Each Service submitted two contingency plans. Both the high plan (\$70,000) and the low plan (\$35,000) are summarized in the following pages to show the distribution of military pay grades to be substituted by civilians in each DOD occupational group. These distributions are shown as aggregate percentages. For specific information concerning the contingency plans of the individual Services which may not be presented in this Report or in the Interim Report on Civilian Substitution, the Central All-Volunteer Force Task Force is custodian of each civilianization contingency plan and will provide additional data as required.

All of the contingency plans were submitted with cover letters that provided guidance and/or stipulations. Copies of these cover letters to the contingency plans follow with the distribution tables shown last.



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON, D.C. 20310

14 SEP 1972

MEMORANDUM FOR: ASSISTANT SECRETARY OF DEFENSE
(MANPOWER AND RESERVE AFFAIRS)

SUBJECT: Request for Inputs to Civilian Substitution Study
(Task #3, Central AVF Task Force)

Reference:

- a. Memorandum from ASD(M&RA), dated 17 March 1972, subject as above.
- b. Memorandum from ASA(M&RA), dated 6 April 1972, subject: Adjustment of Submission Dates for Task #3 Reports to the Central AVF Task Force.
- c. Memorandum from ASA(M&RA), dated 2 June 1972, subject as above (Sub-Task 1).
- d. Memorandum from ASA(M&RA), dated 19 June 1972, subject as above (Sub-Task 2).

As required by Sub-Task 3, reference a, attached are contingency plans for the civilian substitution for 20,000 male enlisted positions. There are two plans for the 10,000 level of substitution.

Each of these plans was derived from the theoretical maximum civilian potential submitted as Sub-Task 1 by reference c. This theoretical maximum civilian potential was decreased first by the projected enlisted Women's Army Corps (WAC) utilization, and then by an adjustment factor of 15 positions or 10%, whichever was greater, in each applicable MOS and grade. The remaining positions essentially represent the 20,000 position plan. The 10,000 position plans are a scaling down of the 20,000 position plan, including the elimination of some MOSs and commands and agencies from consideration for civilianization.

**SUBJECT: Request for Inputs to Civilian Substitution Study (Task #3,
Central AVF Task Force)**

The subtraction of enlisted WAC positions was accomplished in accordance with Sub-Task 3 instructions. This resulted in the deduction of 13,000 CONUS positions in MOSs and grades suitable for civilianization.

The "adjustment factor" mentioned above for reducing the number of potential positions for civilianization is a device to take into account the following considerations:

- a. A grade-by-grade analysis of each MOS should insure positions for promotion flow.
- b. The field will present valid exceptions to a staff-developed plan.
- c. Allowance must be made for the effect which now-unforeseen small changes in organizations and force structure could have on the rotation base for each MOS that contains only a small number of total positions.

There has been insufficient time to examine the potential of the civilian labor market to fill the positions. The contingency plans must be staffed with subordinate commands and agencies to examine the civilian labor market in light of local conditions. We have required the commands to examine the civilian labor market pertaining to the MOSs in these contingency plans. In November 1972 we will have the results of this examination. If the reported nationwide shortage of civilian health-care technicians in fact applies to the MOSs in the Army civilianization plans, then as many as 5,000 positions in the 20,000 position plan would have to be excluded from the plan.

The civilianization plan for 20,000 positions in the Army is therefore not recommended because of the uncertainties of the civilian labor market. There are not sufficient reserve MOS positions to overcome these contingencies.

Each of the 10,000 position plans is considered to be feasible, depending upon civilian skill availability in medical positions. Alternate Plan 1 includes about 2,600 medical care and treatment positions.

**SUBJECT: Request for Inputs to Civilian Substitution Study (Task 3,
Central AVF Task Force)**

Alternate 2 excludes these positions and substitutes others. The contingency plan which would actually be used, if necessary, would be some combination of Alternates 1 and 2, based upon field examination of the civilian labor market, but probably would more closely approximate Alternate 2.


In the development of the 20,000 position contingency plan, relative economic cost was not a substantive factor because all available positions had to be included to attain the required number. However, in developing the 10,000 position plans, higher civilian costs caused the non-selection of a total of 961 positions (in MOSs for Special Requirements, Air Traffic Control Ground Approach Specialist, Flight Operations Coordinator).

Other conditions which are key to the implementation of any civilianization plan include the following:

a. Specific authorization of the financial and manpower resources with sufficient lead time so that field commanders can make realistic detailed plans for implementation. Authority must be provided to transfer funds from MPA to OMA, and other appropriations as required, during last half FY 73 and thereafter.

b. Assurances that the difficulties which occurred following the most recent civilianization program do not recur--reductions in civilian manpower authorizations without corresponding reductions in workload, essentially cancelling much of the civilianization without restoration of a compensating number of military spaces. Such assurances would be tenuous at best, in light of the recent history of civilian manpower reductions.

The Army considers that any large scale civilianization plan should be undertaken only as a last resort in order to maintain military strength for the required force structure.



Paul D. Phillips

Deputy Assistant Secretary of the Army
(Manpower and Reserve Affairs)

3 Incls
as



DEPARTMENT OF THE NAVY

BUREAU OF NAVAL PERSONNEL

WASHINGTON, D.C. 20370

IN REPLY REFER TO

Pers-A25-Wed

OCT 17 1972

MEMORANDUM FOR THE ASSISTANT SECRETARY OF DEFENSE (MANPOWER
AND RESERVE AFFAIRS)

Subj: Central AVF Task Force #3; Civilian Substitution
Study

Ref: (a) ASD(M&RA) memo of 17 Mar 1972
(b) CNP memo of 6 Jul 1972

Encl: (1) 10,000 Man Shortfall Contingency Substitution
Plan
(2) 20,000 Man Shortfall Contingency Substitution
Plan

1. Reference (a) requested a variety of information concerning potential civilian substitution of enlisted billets in FY 74. This information is required for use by the All Volunteer Task Force.

2. Reference (b) forwarded the results of the analysis effort in response to Sub-Task 1 - Theoretical Maximum Civilianization Potential. Enclosures (1) and (2) are forwarded in support of Sub-Task 3 - Contingency Plans.

3. In reviewing the data presented in enclosures (1) and (2), the following factors must be borne in mind:

a. Since the specific substitutions proposed have not been reviewed for feasibility by the activities involved, there may be considerable variance between the current plan and those billets which might actually be offered for civilian substitution if the plan were ordered into execution. Consequently, the potential savings might change significantly.

b. Theoretical civilian equivalents of specific enlisted ratings were provided by the Office of Civilian Manpower Management (OCMM). They were derived using the skills identified by rating and pay grade in the Manual of Qualifications for Advancement Rating (NAVPERS 18068C). However, OCMM officials have stressed that, for accurate conversion planning, each potentially civilianizable enlisted billet should be reviewed in order to ensure that the proper civilian skill is substituted. Because

Subj: Central AVF Task Force #3; Civilian Substitution Study

of the necessity to accomplish this review at the Headquarters level, this has not been done. Additionally, in order to simplify the mechanics of this determination for OCM, the following enlisted paygrade aggregations were allowed: E-3/4, E-5/6, and E-7/8/9. This was done with the concurrence of members of the AVF Task Force Staff. All of these potential variables could have a significant impact on the theoretical total cost benefit.

c. The projected inventory of women in the Navy at the end of FY 74 was taken into account in determining the base number of theoretically civilianizable enlisted billets. In most cases, this base number did not vary from the theoretical "Potential for Civilianization" number displayed in enclosure (1) to reference (b), since it was assumed that military women could fill those "military only" billets which are excess to rotation requirements.

d. Insofar as possible, the billets nominated for civilianization have been selected so as to have the least amount of adverse impact on the promotion potential for the ratings involved. However, the necessity of excluding the Navy's deprived ratings from consideration for civilianization has resulted in decreases of considerable magnitude for some of the non-deprived ratings. In view of the possibility that significant rating changes might occur upon execution of such a program and that the FY 74 shore establishment structure has probably already changed markedly since the commencement of this study (no attempt was made to "freeze" the existing structure), it is not considered practical to make finite predictions as to the effect on residual promotion potential at this time. Rather, if such a program were executed, rigid guidelines as to acceptability for substitution would have to be promulgated to all activities in order to minimize the potential adverse impact.

e. In view of the stated desire of the Chief of Naval Operations to upgrade the quality of medical services to all Naval personnel and dependents in context with the All Volunteer Force concept, no decrease in this type of support billet is considered feasible. Likewise, based on the assumption that a significant AVF inducement will relate to the quantity and quality of training provided by the services, no decrease in the number of military instructors is forecast, nor is such a decrease considered to be in the best interests of the individual services or the

Subj: Central AVF Task Force #3; Civilian Substitution Study

Department of Defense.

f. Cost differentials for all billets listed in enclosures (1) and (2) were calculated on the military-civilian equivalencies derived by OCMM as outlined in paragraph 3.b. and costed in accordance with a study conducted by the OASD (Comptroller) in March 1972. These costs are nominally listed as "MOOT" for ease of identification. The OASD (Compt) guidelines were utilized pursuant to guidance from members of the AVF Staff. It will be noted that certain rating submissions also contain cost cost data entitled "B-K". This data is based on a study commissioned by the AVF staff from B-K Dynamics Corporation and was also used at the direction of members of the AVF staff. It is significant to note the marked differences in costs between the MOOT and B-K studies. It is considered that the B-K differentials are more realistic and that a truer cost benefit estimate could be obtained if this study were completed. For informational purposes, the "Grand Total" summarization includes a cost benefit figure derived by applying a linear extrapolation from the MOOT cost benefit figure using B-K methodology.

g. It will also be noted that no military substitution cost data has been submitted. Although military substitution is recognized as the most practical means of overcoming the deprived rating shortfalls, it is considered that this type of program requires greater study than was feasible within the framework of this study. To that end, the Navy is preparing to undertake a comprehensive study to determine precisely what type and magnitude of military substitution will be required to achieve the CNO's goal of 3:3 sea/shore rotation for all career personnel while maintaining maximum stability for the civilian work force. It is considered that premature submission of specific skills and numbers might adversely influence the Navy's possibilities of successfully achieving this goal. Specific recommendations will be submitted when this study is completed.

4. It must be stressed that the possible substitutions presented in enclosures (1) and (2) are only as valid as

Subj: Central AVF Task Force #3; Civilian Substitution Study

the methodology employed in the study. The concept of civilian substitution is a necessary study to explore all possible means of achieving an All Volunteer Force. It is hoped that the corollary Military Substitution will receive the same visibility and support from OSD. A more comprehensive review of all aspects of this very important problem must be conducted before proceeding.

A handwritten signature in black ink, appearing to read "Robert B. Baldwin". The script is cursive and somewhat stylized, with a large initial "R" and a prominent dot over the "i" in "Baldwin".

ROBERT B. BALDWIN
DEPUTY CHIEF OF NAVAL PERSONNEL

DEPARTMENT OF THE AIR FORCE
WASHINGTON 20330



OFFICE OF THE SECRETARY

AUG 10 1972

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY (MANPOWER RESEARCH AND UTILIZATION)
OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (MANPOWER AND
RESERVE AFFAIRS)

SUBJECT: Inputs to Civilian Substitution Study (Sub-Tasks 2 and 3)

Attached is the Air Force input for Sub-Tasks 2 and 3 as requested by your memorandum of March 17, 1972.

As specified by the Central All Volunteer Force Staff, cost factors utilized in computations were extracted from the report, "Economic Cost of Military and Civilian Personnel in the Department of Defense," Office of the Assistant Secretary of Defense (Comptroller). In his April 27, 1972 letter to the Services asking for their comments on this report, Assistant Secretary of Defense (Comptroller) noted that the report had not been coordinated with the Military Departments. Our detailed review is under way and our comments will be furnished as soon as that review is completed. They could have a significant impact on certain of the cost factors contained in the report.

Accordingly, it is our considered view that the Central All Volunteer Force Staff should defer any final determinations based on relative costs shown in the attachments, pending receipt of Air Force comments relating to the Economic Cost report.

We must also reemphasize the comments in our memorandum to you on June 16, 1972. We do not anticipate a shortfall in recruiting. We do believe that if one should occur a civilianization program would be counter-productive to Air Force objectives. Projected recruiting goals, the USAF Personnel Plan, stabilization of military assignments, and CONUS rotation base requirements must continue to be the primary guide for our actions. Therefore, we believe that the civilianization alternative contemplated by the study should not be applied to the Air Force. It is essential that we be given the flexibility to reach and maintain the optimum manpower mix consistent with current DOD and Air Force policy.

RICHARD J. BORDA

Assistant Secretary of the Air Force
Manpower and Reserve Affairs

2 Attachment

1. Sub-Task 2, Costing
2. Sub-Task 3, Contingency Plans
10,000/20,000



DEPARTMENT OF THE NAVY
HEADQUARTERS UNITED STATES MARINE CORPS
WASHINGTON, D.C. 20380

IN REPLY REFER TO
AO1E-jml-3
30 JUN 1972

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF DEFENSE (MANPOWER RESEARCH
AND UTILIZATION)

Subj: Civilian Substitution Study; input to (Sub-Task 3--Contingency
Plans, Task 3, Central AVF Task Force)

Ref: (a) Yr memo of 17 Mar 1972

Encl: (1) Table IV, 5,000 Contingency Substitution Plan
(2) Table IV, 10,000 Contingency Substitution Plan

Enclosures (1) and (2) are submitted in accordance with reference (a).

The Marine Corps does not envisage conversion of any civilian billets to military, consequently there is no data reflected in those portions of the Tables in enclosures (1) and (2).

The 5,000 and 10,000 Substitution Plans represent approximately 2½% and 5% of currently authorized USMC military end strengths. A reduction in military strength of this magnitude is not expected to result in a significant reduction in military support type billets (e.g., hospitalmen, instructors). Any military savings in these areas can be expected to be offset by an increase in the civilian overhead required to administer the approximately 25% and 50% increases to the currently authorized civilian labor force.

EDMUND F. SIMPSON
LIEUTENANT COLONEL, UNITED STATES MARINE CORPS
DEPUTY CHIEF OF STAFF (MANPOWER)

Copy to:
ASN(M&RA)

LOW PLAN

DISTRIBUTION BY MILITARY PAY GRADE AND OCCUPATION

<u>DOD Occupational Group</u>	<u>E-2, E-3, E-4</u>	<u>E-5, E-6</u>	<u>E-7, E-8, E-9</u>
0 Infantry, Gun Crews & Seamanship Specialties	0%	0%	0%
1 Electronic Equipment Repairmen	2%	3%	1%
2 Communications & Intelligence Specialties	1%	1%	0%
3 Medical & Dental Specialists	11%	10%	2%
4 Other Technical & Allied Specialists	7%	4%	1%
5 Administrative Specialists and Clerks	17%	6%	4%
6 Electrical/Mechanical Equipment Repairmen	4%	4%	1%
7 Craftsmen	1%	0%	0%
8 Service & Supply Handlers	7%	4%	1%
- Other ^{1/}	<u>9%</u>	<u>0%</u>	<u>0%</u>
Total	58%	32%	10%

1/ Navy E-2 and E-3 are unassigned as to occupational specialty.

TAB D

HIGH PLAN

DISTRIBUTION BY MILITARY PAY GRADE AND OCCUPATION

<u>DOD Occupational Group</u>	<u>E-2, E-3, E-4</u>	<u>E-5, E-6</u>	<u>E-7, E-8, E-9</u>
0 Infantry, Gun Crews & Seamanship Specialties	0%	0%	0%
1 Electronic Equipment Repairmen	2%	3%	1%
2 Communications & Intelligence Specialties	0%	0%	0%
3 Medical & Dental Specialists	6%	7%	1%
4 Other Technical & Allied Specialists	3%	3%	0%
5 Administrative Specialists and Clerks	19%	10%	4%
6 Electrical/Mechanical Equipment Repairmen	7%	5%	2%
7 Craftsmen	1%	0%	0%
8 Service & Supply Handlers	9%	6%	2%
- Other ^{1/}	<u>9%</u>	<u>0%</u>	<u>0%</u>
Total	56%	34%	10%

^{1/} Navy E-2 and E-3 are unassigned as to occupational specialty.

TAB E

FY 1974 BUDGET IMPACT OF CIVILIANIZATION PLANS

TO ACCOMPANY

CENTRAL AVF TASK FORCE REPORT

TASK #3

CIVILIAN SUBSTITUTION

FY 1974 Budget Impact of Civilianization Plans

As shown in the attached detail sheets, the estimated impact of the civilianization plans submitted by the Services for three different estimates of the size of the military-support tail ranging from 13.5 to 20.0 percent is as follows:

<u>Savings in FY 1974 Budget</u> <u>(\$ 000's)</u>						
Est. Support Tail	<u>Low (35,000) Plan</u>			<u>High (70,000) Plan</u>		
	<u>13.5%</u>	<u>17.0%</u>	<u>20.0%</u>	<u>13.5%</u>	<u>17.0%</u>	<u>20.0%</u>
Army	-4,915	-6,434	-7,736	-7,816	-10,854	-13,459
Navy	-4,664	-6,136	-7,397	-7,947	-10,891	-13,414
Air Force	-9,954	-11,538	-12,895	-18,353	-21,520	-24,235
Marine Corps	<u>-2,108</u>	<u>-2,754</u>	<u>-3,307</u>	<u>-4,280</u>	<u>-5,572</u>	<u>-6,679</u>
Total	-21,641	-26,862	-31,335	-38,396	-48,837	-57,787

These estimates are based on civilianizing the planned number of military spaces at an equal rate throughout FY 1974. Hence, the estimates assume each space is occupied for half the year by a military person and half by a civilian. To the extent that civilianization is accomplished prior to FY 1974 or is accomplished earlier in FY 1974, budget savings will be larger.

The cost estimates do not take account of a tentative Air Force plan to include a substitution of 7,700 civilians for a like number of military spaces in its FY 1974 budget request.

FY 1974 Budget Impact of
Army Civilianization Plan ^{1/}

<u>10,000 Plan</u>	(\$ In Thousands)		<u>Total</u>
	<u>Operation and Maintenance</u>	<u>Military Personnel</u> ^{2/}	
Reduce 10,000 Military Personnel (Average Grade E 4.50)	-	-35,797	-35,797
Reduce Military Support Tail	(13.5%)	-5,361	-5,361
	(17.0%)	-6,751	-6,751
	(20.0%)	-7,942	-7,942
Operation & Maintenance Support Costs (\$740 per Manyear) ^{3/}	10,000	-	-3,700
	13.5%	-500	-500
	17.0%	-629	-629
	20.0%	-740	-740
Add 10,000 Civilian Personnel ^{4/}	40,443	-	40,443
Total	13.5%	-41,158	-4,915
	17.0%	-42,548	-6,434
	20.0%	-43,739	-7,736

^{1/} Assume straight line rate with $\frac{1}{2}$ manyear per end strength.

^{2/} Priced at standard rates. No additional allowance was made for PCS costs since it was assumed that the standard rates allowed too much for proficiency and hazardous duty pay.

^{3/} Allows for Operation & Maintenance support costs for the military incumbent. Does not include any job related costs.

^{4/} Priced at entering level plus 10 percent.

FY 1974 Budget Impact of
Navy Civilianization Plan ^{1/}

<u>10,000 Plan</u>	(\$ In Thousands)		<u>Total</u>
	<u>Operation and Maintenance</u>	<u>Military Personnel</u> ^{2/}	
Reduce 10,000 Military Personnel (Average Grade E 4.29)	-	-36,676	-36,676
Reduce Military Support Tail	(13.5%) -	-5,205	-5,205
	(17.0%) -	-6,555	-6,555
	(20.0%) -	-7,711	-7,711
Operation & Maintenance Costs (\$700 per manyear) ^{3/}	10,000 -3,500	-	-3,500
	13.5% -473	-	-473
	17.0% -595	-	-595
	20.0% -700	-	-700
Add 10,000 Civilian Personnel ^{4/}	41,190	-	41,190
Total	13.5% 37,217	-41,881	-4,664
	17.0% 37,095	-43,231	-6,136
	20.0% 36,990	-44,387	-7,397

^{1/} Assume straight line rate with $\frac{1}{2}$ manyear per end strength.

^{2/} Priced at standard rates. No additional allowance was made for PCS costs since it was assumed that the standard rates allowed too much for proficiency and hazardous duty pay.

^{3/} Allows for Operation & Maintenance support costs for the military incumbent. Does not include any job related costs.

^{4/} Priced at entering level plus 10 percent.

FY 1974 Budget Impact of
Army Civilianization Plan 1/

<u>20,000 Plan</u>		(\$ in Thousands)		
		<u>Operation and</u> <u>Maintenance</u>	<u>Military</u> <u>Personnel</u> ^{2/}	<u>Total</u>
Reduce 20,000 Military Personnel (Average Grade E 4.40)		-	-69,994	-69,994
Reduce Military Support Tail	(13.5%)	-	-10,722	-10,722
	(17.0%)	-	-13,501	-13,501
	(20.0%)	-	-15,884	-15,884
Operation & Maintenance Support Cost (\$740 per manyear) ^{3/}	20,000	-7,400	-	-7,400
	13.5%	-999	-	-999
	17.0%	-1,258	-	-1,258
	20.0%	-1,480	-	-1,480
Add 20,000 Civilian Personnel ^{4/}		81,299	-	81,299
Total	13.5%	72,900	-80,716	-7,816
	17.0%	72,641	-83,495	-10,854
	20.0%	72,419	-85,878	-13,459

FY 1974 Budget Impact of
Navy Civilianization Plan ^{1/}

<u>20,000 Plan</u>		(\$ In Thousands)		
		<u>Operation and</u>	<u>Military</u>	<u>Total</u>
		<u>Maintenance</u>	<u>Personnel ^{2/}</u>	
Reduce 20,000 Military Personnel (Average Grade E 4.06)		-	-70,720	-70,720
Reduce Military Support Tail	(13.5%)	-	-10,410	-10,410
	(17.0%)	-	-13,109	-13,109
	(20.0%)	-	-15,422	-15,422
Operation & Maintenance Costs (\$700 per manyear) ^{3/}	20,000	-7,000	-	-7,000
	13.5%	-945	-	-945
	17.0%	-1,190	-	-1,190
	20.0%	-1,400	-	-1,400
Add 20,000 Civilian Personnel ^{4/}		81,128	-	81,128
Total	13.5%	73,183	-81,130	-7,947
	17.0%	72,938	-83,829	-10,891
	20.0%	72,728	-86,142	-13,414

FY 1974 Budget Impact of
Air Force Civilianization Plan^{1/}

		(\$ in Thousands)		
<u>10,000 Plan</u>		<u>Operation and Maintenance</u>	<u>Military Personnel^{2/}</u>	<u>Total</u>
Reduce 10,000 Military Personnel (Average Grade E 4.77)		-	-40,356	-40,356
Reduce Military Support Tail	(13.5%)	-	-5,623	-5,623
	(17.0%)	-	-7,081	-7,081
	(20.0%)	-	-8,330	-8,330
Operation & Maintenance Support Costs (\$720 per manyear) ^{3/}	10,000	-3,600	-	-3,600
	13.5%	-486	-	-486
	17.0%	-612	-	-612
	20.0%	-720	-	-720
Add 10,000 Civilian Personnel ^{4/}		40,111	-	40,111
Total	13.5%	36,025	-45,979	-9,954
	17.0%	35,899	-47,437	-11,538
	20.0%	35,791	-48,686	-12,895

^{1/} Assume straight line rate with $\frac{1}{2}$ manyear per end strength.

^{2/} Priced at standard rates. No additional allowance was made for PCS costs since it was assumed that the standard rates allowed too much for proficiency and hazardous duty pay.

^{3/} Allows for Operation & Maintenance support costs for the military incumbent. Does not include any job related costs.

^{4/} Priced at entering level plus 10 percent.

FY 1974 Budget Impact of
Air Force Civilianization Plan^{1/}

<u>20,000 Plan</u>		(\$ In Thousands)		
		<u>Operation and</u> <u>Maintenance</u>	<u>Military</u> <u>Personnel^{2/}</u>	<u>Total</u>
Reduce 20,000 Military Personnel (Average Grade E 4.80)		-	-80,992	-80,992
Reduce Military Support Tail	(13.5%)	-	-11,246	-11,246
	(17.0%)	-	-14,161	-14,161
	(20.0%)	-	-16,660	-16,660
Operation & Maintenance Costs (\$720 per manyear) ^{3/}				
	20,000	-7,200	-	-7,200
	13.5%	-972	-	-972
	17.0%	-1,224	-	-1,224
	20.0%	-1,440	-	-1,440
Add 20,000 Civilian Personnel ^{4/}		82,057	-	82,057
Total	13.5%	73,885	-92,238	-18,353
	17.0%	73,633	-95,153	-21,520
	20.0%	73,417	-97,652	-24,235

FY 1974 Budget Impact of
Air Force Civilianization Plan^{1/}

<u>10,000 Plan</u>	(\$ in Thousands)		<u>Total</u>
	<u>Operation and Maintenance</u>	<u>Military Personnel^{2/}</u>	
Reduce 10,000 Military Personnel (Average Grade E 4.77)	-	-40,356	-40,356
Reduce Military Support Tail	(13.5%)	-5,623	-5,623
	(17.0%)	-7,081	-7,081
	(20.0%)	-8,330	-8,330
Operation & Maintenance Support Costs (\$720 per manyear) ^{3/}	10,000	-3,600	-3,600
	13.5%	-486	-486
	17.0%	-612	-612
	20.0%	-720	-720
Add 10,000 Civilian Personnel ^{4/}	40,111	-	40,111
Total	13.5%	36,025	-45,979
	17.0%	35,899	-47,437
	20.0%	35,791	-48,686

^{1/} Assume straight line rate with $\frac{1}{2}$ manyear per end strength.

^{2/} Priced at standard rates. No additional allowance was made for PCS costs since it was assumed that the standard rates allowed too much for proficiency and hazardous duty pay.

^{3/} Allows for Operation & Maintenance support costs for the military incumbent. Does not include any job related costs.

^{4/} Priced at entering level plus 10 percent.

FY 1974 Budget Impact of
Air Force Civilianization Plan^{1/}

<u>20,000 Plan</u>		(\$ In Thousands)		
		<u>Operation and</u> <u>Maintenance</u>	<u>Military</u> <u>Personnel^{2/}</u>	<u>Total</u>
Reduce 20,000 Military Personnel (Average Grade E 4.80)		-	-80,992	-80,992
Reduce Military Support Tail	(13.5%)	-	-11,246	-11,246
	(17.0%)	-	-14,161	-14,161
	(20.0%)	-	-16,660	-16,660
Operation & Maintenance Costs (\$720 per manyear) ^{3/}	20,000	-7,200	-	-7,200
	13.5%	-972	-	-972
	17.0%	-1,224	-	-1,224
	20.0%	-1,440	-	-1,440
Add 20,000 Civilian Personnel ^{4/}		82,057	-	82,057
Total	13.5%	73,885	-92,238	-18,353
	17.0%	73,633	-95,153	-21,520
	20.0%	73,417	-97,652	-24,235

FY 1974 Budget Impact of
Marine Corps Civilianization Plan^{1/}

<u>5,000 Plan</u>		(\$ In Thousands)		
		<u>Operation and</u>	<u>Military</u>	<u>Total</u>
		<u>Maintenance</u>	<u>Personnel</u> ^{2/}	
Reduce 5,000 Military Personnel (Average Grade E 4.47)		-	-18,241	-18,241
Reduce Military Support Tail	(13.5%)	-	-2,289	-2,289
	(17.0%)	-	-2,883	-2,883
	(20.0%)	-	-3,391	-3,391
Operation & Maintenance Support Costs (\$600 per manyear) ^{3/}	5,000	-1,500	-	-1,500
	13.5%	-203	-	-203
	17.0%	-255	-	-255
	20.0%	-300	-	-300
Add 5,000 Civilian Personnel ^{4/} (Assume average grade GS-5)		20,125	-	20,125
Total	13.5%	18,422	-20,530	-2,108
	17.0%	18,370	-21,124	-2,754
	20.0%	18,325	-21,632	-3,307

^{1/} Assume straight line rate with $\frac{1}{2}$ manyear per end strength.

^{2/} Priced at standard rates. No additional allowance was made for P'S costs since it was assumed that the standard rates allowed too much for proficiency and hazardous duty pay.

^{3/} Allows for Operation & Maintenance support costs for the military incumbent. Does not include any job related costs.

^{4/} Priced at entering level plus 10 percent.

FY 1974 Budget Impact of
Marine Corps Civilianization Plan^{1/}

<u>10,000 Plan</u>	(\$ In Thousands)		<u>Total</u>
	<u>Operation and Maintenance</u>	<u>Military Personnel</u> ^{2/}	
Reduce 10,000 Military Personnel (Average Grade e 4.48)	-	-36,547	-36,547
Reduce Military Support Tail (13.5%)	-	-4,578	-4,578
(17.0%)	-	-5,765	-5,765
(20.0%)	-	-6,782	-6,782
Operation & Maintenance Costs (\$600 per manyear) ^{3/}			
10,000	-3,000	-	-3,000
13.5%	-405	-	-405
17.0%	-510	-	-510
20.0%	-600	-	-600
Add 10,000 Civilian Personnel ^{4/}	40,250	-	40,250
Total			
13.5%	36,845	-41,125	-4,280
17.0%	36,740	-42,312	-5,572
20.0%	36,650	-43,329	-6,679